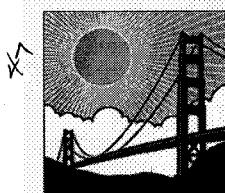




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THE
Vote Solar
INITIATIVE

E-20690A-090346

OPEN MEETING AGENDA ITEM

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AZ CORP COMMISSION
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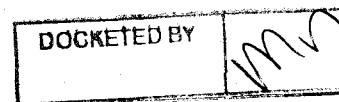
June 29, 2010

Chairman Mayes
Commissioners Pierce, Stump, Kennedy and Newman
Arizona Corporation Commission
1200 W. Washington St., 2nd Floor
Phoenix, AZ 85007

Arizona Corporation Commission
DOCKETED

JUN 29 2010

RE: ACC Docket No. E-20690A-09-0346



Dear Commissioners,

The Vote Solar Initiative respectfully submits this letter pursuant to ACC Docket No. E-20690A-09-0346, regarding the question of whether the provision of services pursuant to Solar Service Agreements ("SSAs") makes Solar City a "public service corporation" under Arizona law. For the reasons discussed in this letter, Vote Solar encourages the Commissioners to reconsider the Recommended Order and Opinion ("ROO") and instead adopt the Findings of Fact and Conclusions of Law articulated in Commissioner Mayes' and Commissioner Pierce's proposed amendments. We are persuaded by the legal arguments presented by parties arguing against the need for regulation, we believe that SSAs address a real customer need and are in the public interest, and we note that SSAs are well received and working well in jurisdictions where they are offered.

One of the longstanding barriers to customer investment in solar resources is high upfront costs. SSAs provide an elegant solution to this problem, allowing customers to pay for the benefits as they are received instead of having to, in essence, purchase 30 years of electricity in one lump sum. In addition, SSAs provide a crucial and unique service for non-profit organizations that wish to go solar: it is only through these types of financing mechanisms that schools, government agencies, and other non-taxpaying entities can monetize the significant tax credits available for solar installations. Without these financing mechanisms, solar effectively costs nearly twice as much for non-profit customers. To deny these entities the full range of financial benefits available is not in the best interest of Arizona.

It is for these reasons that SSAs and other financing instruments have been enormously popular in every state in which they are available. Simply put, they are business arrangements that address a real gap in the market, serve a real customer need, and have proven their service to the public benefit.

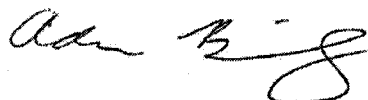
We note that for the last two years the Arizona Legislature has considered--but declined to pass--a different type of financing program to help property owners invest in energy efficiency and renewable

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energy improvements.¹ While the program considered by the Legislature is not a replacement for SSAs in that it would only apply to a subset of eligible customers and does not address the monetization of tax-credits offered by SSAs, we mention its failure to pass to emphasize that we do not see relief coming from other state policymakers.

The Commission has made great strides in establishing the necessary rules for a robust renewable energy market over the past several years. We note that a market is only as strong as its weakest link, and we believe that enhancing renewable energy financing options is a crucial step towards a long-term and sustainable solar market in the state. For these reasons, Vote Solar encourages the Commissioners to reconsider the Recommended Order and Opinion ("ROO") and instead adopt the Findings of Fact and Conclusions of Law articulated in Commissioner Mayes' and Commissioner Pierce's proposed amendments (with the recommendations of the Solar Alliance and the Interstate Renewable Energy Council)..

Yours truly,

A handwritten signature in black ink, appearing to read "Adam Browning". The signature is fluid and cursive, with the first name "Adam" and last name "Browning" clearly distinguishable.

Adam Browning

¹ HB 2574, introduced by Representative Mason, would have enabled cities and municipalities in Arizona to establish property assessed clean energy (PACE) financing programs. Such programs allow property owners to pay for certain clean energy upgrades through an assessment on their property taxes. The bill did not pass.